



## **Durham Convention Center Authority meeting**

Tuesday, October 19, 2010

8:00 am

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The meeting was called to order at 8:00AM with the following representatives present: *Authority:* Billy Ruffin, Dawn Paffenroth, Al Bass, and Patrick Byker. *Owners:* Sharon DeShazo, Joel Reitzer, and Drew Cummings. *Management Company:* Richard Brezinski, Joseph Hofmann, Keith Parham, and Wendy Jeffries. The Authority voted and approved minutes for August and September during the October 19 meeting.

### **Open Issues:**

- Capital Project phase II
- Convention Center Marketing/Public Relations Initiatives

### **Action Items:**

- Discussion of Revenue Improvement/New Hotel Task Force
- Management Agreement Update

### **Management Company report:**

September revenues are \$159,559.42 and \$27,026.46 above revenues from the prior year. Current bookings for the month result from 38 events, and 36 events from the prior year. Total number of future events booked is 20 with total revenue booked at \$148,821. Total number of future events booked prior year was 20. The Convention Center is not experiencing the attrition of the prior year. Major Convention Center events held during September include SJF Advisory Board at \$40,716 and three weddings which total over \$18,000. Shaner's goal is to have events booked farther into the future. Total food and beverage received are \$111,158.92, room rental received is \$19,460 which is \$15,092 over prior month, and Audio/Visual revenues are \$25,999.50 and \$23,173.50 over prior month. September revenues finished strong with anticipation of continuing this trend through December. Expenses are \$99,117.22 over revenues and \$3,582.78 below the agreed flat monthly fee of \$102,700, which incorporates all costs.

An increase in lead times reveals a sign of business recovery. Shaner has been successful in their ability to rearrange events planned during the construction period without financial ramifications. Shaner sales representatives met with the Desai wedding party to review logistics. This event is scheduled on June 18, 2011 during phase II construction.

Shaner's team received high recognition for their 2009 marketing efforts, and ranked second in market share domination out of 350 Marriotts in North America.

### **Meeting Summary:**

- The Owners and Shaner need to agree on sales terms which will not interfere with the new management agreement.
- Phase II Construction:
  - The Project will be presented to City Council during work session on October 21 for the preliminary GMP for construction. The chillers were bid at \$257,000 which was approximately \$100,000 below the engineers estimate. The construction PGMP is \$5.1 million, and has a contingency of \$500,000. The Owners should be able to report the bid by November. The Owners have been able to negotiate successfully with Skanska a fee at 2.25% mark-up and a cost plus not to exceed the general conditions. The Owners negotiated a further reduction of those conditions after Fullframe. The project staff has negotiated low prices and low mark-ups.
  - We have a low flat base fee, in addition to the sharing of overhead with the other downtown projects overlapping. This is possible due to using the same management staff for the downtown projects.
- The Authority wishes to compose a group within the members to build up the customer base for the convention center. This initiative will include meeting with various business leaders of Durham and throughout the region. The plan is to provide displays of the Convention Center Phase II renderings as part of an improved facility to promote increased sales.
- Mr. Reitzer suggested having a two-step meeting with the DCVB. The Authority will draft an agenda prior to meeting with the DCVB to discuss the new facility, financial details, and strategies toward building a solid relationship between DCCA and DCVB. Both entities should understand each other's roles. With the DCVB, leads which are specifically requested are forwarded to the Marriott; otherwise, leads are evenly distributed with other local hotels. Round table meetings with the DCVB and all hotels have ceased. These meetings were a means of discussing hotel market needs. The outcomes of the meetings lead hotels to look regionally for business. DCVB is funded on room night production. Their staff has decreased within prior years due to declining business. Their focus is filling sleeping rooms and not marketing events. In addition, they wish to dispel the negative perception of Durham. Their working make-up includes more research representation than sales. There are eight full service hotels in Durham.
- The meeting with the (DCVB) Durham Convention and Visitors Bureau and the Authority is currently scheduled on November 17 at 3:30 with November 18 as a contingent. A third choice would be in December due to the upcoming holidays.
- Mr. Byker proposed that the Revenue Improvement/New Hotel Task Force will include Mr. Kalkhof, Ms. Kitchin, and Mr. Bowser as a sub-committee. Due to Mr. Kalkhof's absence, no discussion was held.

### **Agenda for next meeting**

- Capital construction update
- Revenue Improvement/New Hotel Task Force
- Joint meeting of DCVB and Convention Center Authority boards